

REVENUE ESTIMATING CONFERENCE

Revenue Source: Sales and Use Tax

Issue: Clothing and Shoes Sales Tax Exemption - PERMANENT

Bill Number(s): [Senate Proposed Language](#)

☒ **Entire Bill**

☐ **Partial Bill:**

Sponsor(s): Senate Finance and Tax Committee

Month/Year Impact Begins: July 1, 2025 (effective date), August 2025 (first month of collections)

Date(s) Conference Reviewed: 4/18/2025

Section 1: Narrative

a. Current Law: Currently, clothing and shoes are subject to sales tax.

b. Proposed Change: Senate Proposed Language, Section 2 adds subsection (20) to Section 212.08 to permanently exempt from sales tax clothing and shoes with a sale price of \$75 or less per item. Clothing and shoes are defined as follows:

“... the term “clothing” means any apparel or shoes intended to be worn on or about a person for general use or everyday wear.”

The term excludes:

- Accessories, such as bags, backpacks, girl’s bows, bowties, ties, handkerchiefs, jewelry, watches, etc.;
- Protective equipment;
- Sports or recreational equipment;
- Materials that become part of clothing, such as fabric.

Section 2: Description of Data and Sources

- U.S. Bureau of Economic Analysis, "SAPCE3 Personal consumption expenditures (PCE) by state by type of product" (accessed Monday, April 14, 2025).
- U.S. Bureau of Economic Analysis, "Table 2.4.5U. Personal Consumption Expenditures by Type of Product, [Millions of dollars; quarters and months are seasonally adjusted at annual rates], Annual data from 1959 to 2024, Data published March 27, 2025 (accessed Monday, April 14, 2025).
- DOR Sales Tax Data by kind code
- Statista, Fast Fashion Retailer Prices, 2022, <https://www.statista.com/statistics/1342904/fast-fashion-retailers-prices-united-states/>
- JFAppearl, What is the typical price range for clothing in the USA?, <https://jinfengapparel.com/what-is-the-typical-price-range-for-clothing-in-the-usa/>

Section 3: Methodology (Include Assumptions and Attach Details)

This analysis proposes two methods, each developed by using a different source data.

Method I "Taxable Sales by Kind Code"

Method I uses historical data on kind codes 10, "Clothing and Alterations," and 11, "Shoe Stores," from DOR-reported taxable sales. The two kind codes were assumed to grow at the same rate as the upper bound. This provided the lower bound estimate of taxable sales for the analysis.

Method II "Disposable Income - Personal Consumption Expenditures"

Method II uses consumer expenditures on "clothing and footwear" in Florida, as reported by U.S. BEA, in "Table SAPCE3: Personal Consumption Expenditures by State and Type of Product." BEA publishes data for clothing and shoes goods and excludes related services. Expenditures on clothing and footwear include men’s, boys’, women’s, girls’, and baby items.

Growth in this category has historically grown about 1% slower than disposable personal income growth in Florida and about 0.2% faster than the U.S. (on a per capita basis). These two relationships were used to project expenditures forward through the analysis period using the forecasts of population, disposable income, and U.S. consumption of clothing and footwear from the recent demographic and economic estimating conferences.

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To arrive at a “clothing only” estimate the expenditures on “garments” from the same BEA table was used. The estimate for clothing and shoes is derived from the table aggregate line “Clothing and footwear.” For purposes of projecting forward it was assumed that these expenditures grew at the same rate as “clothing and footwear.” This provided the upper bound estimate of taxable sales for the analysis.

Method I “Taxable Sales by Kind Code” includes spending by tourists in Florida. Method II “Personal Consumption Expenditures” includes spending by Floridians in other states, which serves as a proxy for spending by non-residents in Florida.

Baby and toddler clothing and footwear are exempt from sales tax. Expenditures on such items, estimated using the BLS Consumer Expenditure Survey, are deducted from the total expenditures in each of the two methods above to arrive at taxable sales.

Methods I and II are averaged to generate a middle proposed estimate.

Based on various research, it is estimated that between 40 percent and 60 percent of clothing may fall under the proposed price cap of \$75 per item. According to BLS, in 2023, annual household spending on women's apparel averaged \$655, compared with \$406 for men's apparel, \$87 for girls' and \$96 for boys. Households spent an average of \$208 for women's footwear, \$147 for men's, \$47 for boys', and \$42 for girls' footwear annually. According to Statista, average prices in March 2022 ranged from \$15.74 (on Shein) to \$48.19 for dresses in fast-fashion stores (the same product), while outerwear items (same product) ranged from \$19.72 (on Shein) to \$51.22 to \$78.27 in fast fashion stores. According to JFA Apparel, the typical price in the US is \$20–\$50 for casual apparel to over \$100 for premium or designer pieces.

An advantage buying assumption (lever) is included.

The FY 25-26 estimate is grown by a Florida-specific growth rate for clothing and footwear from Method II. The growth rate for "Florida Clothing and Footwear" was based on a regression of "Florida Clothing and Footwear as a Share of Florida Disposable Income" on "U.S. Clothing and Footwear as a Share of U.S. Disposable Income." The NEEC and FEEC forecasts of U.S. disposable income and clothing and footwear expenditures (NEEC) and Florida disposable income (FEEC) were used to project Florida clothing and footwear through the analysis period.

Section 4: Proposed Revenue Impact

The first month of collections will be August 2025.

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2025-26			(749.7)	(785.1)		
2026-27			(817.9)	(817.9)		
2027-28			(859.7)	(859.7)		
2028-29			(900.1)	(900.1)		
2029-30			(931.1)	(931.1)		

Revenue Distribution:

Section 5: Consensus Estimate (Adopted: 04/18/2025) The Conference adopted the proposed estimate adjusted to have a 75% weight to the estimate based on consumer expenditures and a 25% weight to the estimate based on taxable sales by kind code.

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	GR		Trust		Revenue Sharing		Local Half Cent	
	Cash	Recurring	Cash	Recurring	Cash	Recurring	Cash	Recurring
2025-26	(723.4)	(757.6)	(*)	(*)	(24.3)	(25.5)	(55.4)	(58.1)
2026-27	(789.1)	(789.1)	((*)	(*)	(26.5)	(26.5)	(60.6)	(60.6)
2027-28	(829.3)	(829.3)	(0.1)	(0.1)	(27.9)	(27.9)	(63.7)	(63.7)
2028-29	(868.4)	(868.4)	(0.1)	(0.1)	(29.2)	(29.2)	(66.6)	(66.6)
2029-30	(898.2)	(898.2)	(0.1)	(0.1)	(30.2)	(30.2)	(69.0)	(69.0)

	6% SubTotal		Local Option		Total	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2025-26	(803.1)	(841.1)	(115.8)	(121.3)	(918.9)	(962.5)
2026-27	(876.2)	(876.2)	(126.4)	(126.4)	(1,002.5)	(1,002.5)
2027-28	(921.0)	(921.0)	(132.8)	(132.8)	(1,053.8)	(1,053.8)
2028-29	(964.3)	(964.3)	(139.1)	(139.1)	(1,103.4)	(1,103.4)
2029-30	(997.5)	(997.5)	(143.9)	(143.9)	(1,141.4)	(1,141.4)

Senate Proposed Language 4-16-2025

Clothing (Apparel and Shoes) with a Price of \$75 or Less Permanent Sales Tax Exemption

4/18/2025

	High		Middle		Low	
	Cash	Recurring	Cash	Recurring	Cash	Recurring
2025-26			(803.1)	(841.1)		
2026-27			(876.2)	(876.2)		
2027-28			(921.0)	(921.0)		
2028-29			(964.3)	(964.3)		
2029-30			(997.5)	(997.5)		

	A	B	C	D	E
1		Senate Proposed Language 4-16-2025			
2		Clothing (Apparel and Shoes) with a Price of \$75 or Less Permanent Sales Tax Exemption			
3		With certain exclusions			
4		4/18/2025			
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7		SALES TAX HOLIDAY - CLOTHING			
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12		FY 2025-26			
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	A	B	C	D	E
56		4 Price Caps, Advantage Buying		All clothing (except exempt baby&toddler) at price \$75 or less (Millions of Dollars)	
57				Low	High
58				Method I	Method II
59				673.2	897.0
60		Exempted amount of sales tax collections			
61		Assumption for % of clothing & footwear falling under the price cap (LEVER)			50.0%
62		(LEVER)	0%	673.2	897.0
63		Advantage buying (LEVER)	0.04	701.2	934.4
64			2 weeks	Average of Methods I and II	
65		5 Final Impact first year (recurring)		(785.1)	(841.1)
66		Final impact - first year (partial cash basis)		(817.8)	(876.1)
67					
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69					
70		6 Annual growth rate (Derived from Method II)		Average of Methods I and II	
71					
72			FY		
73		2025-26	4.7%	(841.06)	
74		2026-27	4.2%	(876.20)	
75		2027-28	5.1%	(921.00)	
76		2028-29	4.7%	(964.30)	
77		2029-30	3.4%	(997.50)	
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